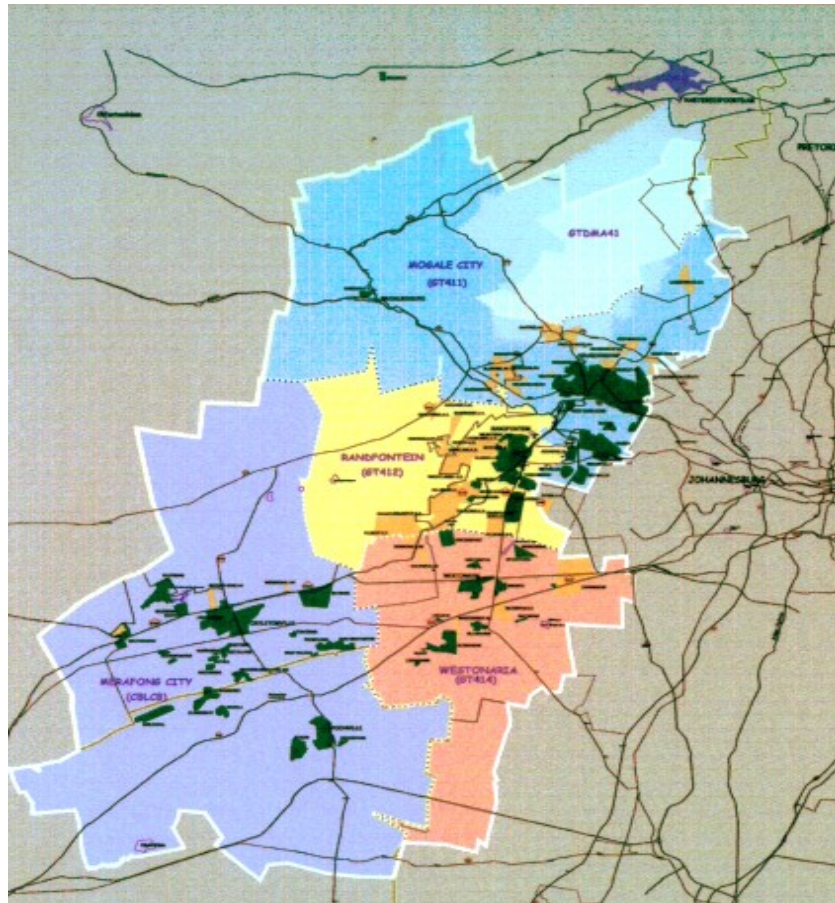


# RANDFONTEIN LOCAL MUNICIPALITY



## FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005



# **RANDFONTEIN LOCAL MUNICIPALITY**

## **ANNUAL FINANCIAL STATEMENTS**

**for the year ended**

**30 June 2005**

I am responsible for the preparation of these annual financial statements, which are set out on pages 2 to 20, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality

I certify that the salaries, allowances and benefits of Councilors as disclosed in note 23 of these annual financial statements are within the upper limits framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officers Bearers Act and the Minister of Provincial and Local Governments determination in accordance with this act.

\_\_\_\_\_  
Municipal Manager

2005/09/09  
Date

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**RANDFONTEIN LOCAL  
MUNICIPALITY**  
P O BOX 218  
RANDFONTEIN  
1760

**BALANCE SHEET AT 30 JUNE 2005**

	Note	2005 R	2004 R
<b>CAPITAL EMPLOYED</b>			
STATUTORY FUND	1	3,860,662	-
NON-DISTRIBUTABLE RESERVES	2	35,147,381	15,145,701
DISTRIBUTABLE RESERVES			
Unappropriated surplus / Accumulated deficit	I/E	92,347,185	53,259,363
		<b>131,355,228</b>	<b>68,405,064</b>
LONG-TERM LIABILITIES	3	71,892,750	106,600,616
CONSUMER DEPOSITS - SERVICES	4	8,476,304	8,383,171
		<b>211,724,282</b>	<b>183,388,851</b>
<b>EMPLOYMENT OF CAPITAL</b>			
PROPERTY, PLANT AND EQUIPMENT	5	181,995,288	163,130,013
INVESTMENTS	6	5,002,537	4,412,990
LONG-TERM DEBTORS	7	13,943,069	14,585,934
		<b>200,940,894</b>	<b>182,128,937</b>
NET CURRENT ASSETS		<b>10,783,388</b>	<b>1,259,914</b>
CURRENT ASSETS		<b>47,928,550</b>	<b>31,007,246</b>
Inventory	8	2,406,873	2,507,877
Debtors	9	34,879,455	21,905,572
Short-term portion of long-term debtors		0	0
Cash and Cash equivalents	20	10,642,222	6,593,797
CURRENT LIABILITIES		<b>37,145,162</b>	<b>29,747,332</b>
Provisions	10	5,713,061	2,727,200
Creditors	11	20,327,745	23,197,332
Short-term portion of long-term liabilities	3	11,104,356	3,822,800
		<b>211,724,282</b>	<b>183,388,851</b>

(Note : The balance sheet has been prepared in accordance with GAMAP 100)

This statements are approved by:

Chief Financial Officer

Date



## RANDFONTEIN LOCAL MUNICIPALITY

P O BOX 218

### INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2005 1760

	Note	2005 Actual R	2005 Budget R	2004 Actual R
<b>SURPLUS/(DEFICIT) FROM ORDINARY ACTIVITIES</b>				
Administration		902,718	(26,256,575)	(1,385,866)
Housing services		277,257	(2,600)	937,276
Trading services		39,713,661	26,951,335	19,651,221
<b>NET (DEFICIT)SURPLUS ITEMS</b> (Refer Annexure E)	18	40,893,636	692,160	19,202,631
<b>NET SURPLUS BEFORE APPROPRIATIONS</b>		<b>40,893,636</b>	<b>692,160</b>	<b>19,202,631</b>
<b>UNAPPROPRIATED SURPLUS AT BEGINNING OF YEAR</b>		<b>53,259,363</b>	<b>53,259,363</b>	<b>(213,236,385)</b>
<b>APPROPRIATIONS</b>		<b>(1,805,814)</b>	<b>-</b>	<b>247,293,117</b>
Transfer to asset financing fund	1	(4,292,729)	-	-
Changes in accounting policy	18	(1,533,263)	-	247,293,117
Transfer from Non-distributable Reserves	2	4,490,360	-	-
Bad debt written off		-	-	-
Transfer to provision for Bad Debts	10	(14,446,105)	-	-
Housing Loan Redeemed	3	16,429,242	-	-
Depreciation Reversal NDR	2	532,542	-	-
Transfer to leave Provision	10	(2,985,861)	-	-
<b>UNAPPROPRIATED SURPLUS AT END OF YEAR</b>		<b>92,347,185</b>	<b>53,951,523</b>	<b>53,259,363</b>

(Note : The income statement has been prepared in accordance with GAMAP 100 and GAMAP 101)



## RANDFONTEIN LOCAL MUNICIPALITY

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### CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2005

	Note	2005 R	2004 R
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash receipts from ratepayers, government and other		260,523,505	227,672,666
Cash paid to suppliers and employees		(210,338,199)	(233,805,176)
Cash generated from operations	18	50,185,306	(6,132,510)
Interest received	12	1,998,548	-
Interest paid	12	(3,131,885)	(3,377,173)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>		<b>49,051,969</b>	<b>(9,509,683)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment (Refer Anexure B & C)		(19,415,023)	(10,246,837)
Proceeds on disposal of fixed assets		-	-
Net cash flow from investing activities	6/19	589,547	586,953
Receipts from long-term debtors			1,139,754
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>		<b>(18,825,476)</b>	<b>(8,520,130)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Net loans raised/repaid		(26,080,544)	26,907,277
Other capital receipts		(91,716)	-
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>		<b>(26,172,260)</b>	<b>26,907,277</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>4,054,233</b>	<b>8,877,464</b>
<b>CASH BALANCE AT BEGINNING OF YEAR</b>		<b>6,587,989</b>	<b>(2,289,475)</b>
<b>CASH BALANCE AT END OF YEAR</b>	20	<b>10,642,222</b>	<b>6,587,989</b>

(Note : The cash flow statement has been prepared in accordance with GAMAP 100 and GAMAP 111)

# RANDFONTEIN LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS

### 1. STATUTORY FUND

#### Asset Financing Fund

#### Movement is reconciled as follows:

	2005 R	2004 R
<b>Asset Financing Fund</b>	<b>3,860,662</b>	-
Balance at beginning of year	-	-
Contributions received	4,292,729	-
Interest on investment	-	-
Cash utilized to finance property, plant & equipment	(432,067)	-
<b>Balance at end of year</b>	<b>3,860,662</b>	-

The purpose of the Asset Financing Fund is to set aside cash to finance fixed assets. The contribution to the Asset Financing Fund is based on capital requirements. When cash is used to finance the acquisition of property, plant and equipment, a corresponding amount is transferred to a non-distributable reserve (Note 2). Contributions to finance assets are made from the cash flow.

### 2. NON-DISTRIBUTABLE RESERVES

Capital receipts	35,247,856	15,145,701
- Used to finance property, plant & equipment	18,983,726	-
- Unutilised	16,264,130	15,145,701
Transfers from Asset Financing Fund used to finance property, plant & equipment	432,067	-
Transfers to income statement: Depreciation	(532,542)	-
<b>Total: Non-distributable reserves</b>	<b>35,147,381</b>	<b>15,145,701</b>

#### Movement is reconciled as follows:

#### Utilized Capital Receipts

Balance at beginning of year	-	-
Used to finance current year additions	18,983,726	-
Transfers to income statement: Depreciation	(532,542)	-
<b>Balance at end of year</b>	<b>18,451,184</b>	-

#### Unutilised Capital Receipts

Balance at beginning of year	15,145,701	-
Current year receipts	24,631,483	15,145,701
Used to finance property, plant & equipment	(18,983,726)	-
Adjust allocation to operating account	(38,968)	-
Used to finance other expenditure	(4,490,360)	-
<b>Balance at end of year</b>	<b>16,264,130</b>	<b>15,145,701</b>

These capital receipts represent government grants and subsidies and can only be used for purposes of acquiring specified property, plant and equipment or on approved business plans in terms of the Division of Revenue Act and other relevant legislation.

### 3. LONG-TERM LIABILITIES

#### Loans:

- DBSA Loan	17,229,596	19,108,253
- Government Loans	-	16,429,243
- Local Registered Stock	-	1,500,000
- Call Account : FNB Corporate (Division of First Rand Bank LTD)	4,750,000	7,000,000
	<b>21,979,596</b>	<b>44,037,496</b>

#### Other Long Term Liabilities:

- Department of Transport	22,569,123	26,007,650
- Receiver of Revenue (VAT Assessment)	29,133,168	30,633,167
- Westonaria Local Municipality	9,315,219	9,745,103
	<b>61,017,510</b>	<b>66,385,920</b>

# RANDFONTEIN LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS

### Less : Current portion transfer to current liabilities

- DBSA Loan
- Local Registered Stock
- Call Account : FNB Corporate (Division of First Rand Bank LTD)
- Department of Transport
- Receiver of Revenue (VAT Assessment)
- Less: Current portion transferred to current liabilities

2005	2004
R	R
420,783	322,800
-	1,500,000
2,000,000	2,000,000
5,083,573	-
3,600,000	-
11,104,356	3,822,800
<b>71,892,750</b>	<b>106,600,616</b>

### LOAN DBSA

The long term loan bears interest of 15.5 % per annum and is repayable over a period of 20 years. This loan was raised by the Development Bank of Southern Africa to back finance capital projects. The sewerage treatment plant and the sinking fund investment are encumbered as securities for the loan. The remaining period of this loan is 13 years.

### GOVERNMENT LOAN

A Government loan was granted by Provincial Government for a housing project. This loan was written off by Government in the 2004/2005 financial year.

### LOAN REGISTERED STOCK

The interest on the loan registered stock was 16.25 % per annum and was redeemed at 30 June 2005.

### CALL ACCOUNT

A Call Loan Account was taken up by Council in September 1999 as part of the overdraft facility. This is no longer considered as bridging finance but as a long term facility as Council did not services the facility in the short term. This loan bears interest at prime overdraft rate and the capital is repaid at R250,000 for eight months per year. The loan is expected to be repaid in three years.

### DEPARTMENT OF TRANSPORT

Randfontein Local Municipality owed the Department of Transport outstanding monies since 1994 which amounting to R34,155,271 at 1 July 2004. During the financial year 2004/2005 an amount of R8,147,621 being the interest, was written off by the Department of Transport. The amount outstanding as at 30 June 2005 amounts to R22,569,123. This figure is after the deduction of monthly income withheld by the Department of Transport.

### RECEIVER OF REVENUE - SARS

Vat assessment for the period 07/1998 - 08/2003 amounted to R30,633,167 which includes interest and penalties. An amount of R1,500,000 was repaid in 2004/2005 financial year.

Negotiations are currently underway to write off the interest and penalty portion included in the R30,633,167. The final figure due has not been obtained from SARS.

### WESTONARIA LOCAL MUNICIPALITY

Balance outstanding of R9,745,103 , represents the amount accumulated from 1999 to 30 June 2004. The amount of interest payable must be re-calculated as both parties do not agree on the monthly levies as well as the interest rate.



# RANDFONTEIN LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS

2005	2004
R	R

### 4 CONSUMER DEPOSITS - SERVICES

Services and Sundry	8,476,304	8,383,171
Guarantees in lieu of electricity and water deposits	868,522	868,522

The consumer deposits are held to cover anticipated consumption of water and electricity.

### 5 PROPERTY, PLANT AND EQUIPMENT

	<u>Historical</u>	<u>Accumulated</u>	<u>Carrying</u>
<u>30 June 2005</u>	<u>Cost</u>	<u>depreciation</u>	<u>value</u>
<b>Owned property, plant and equipment</b>			
Infrastructure	196,829,298	182,305,549	14,523,749
Community	24,139,060	1,519,258	22,619,802
Heritage	397,320	-	397,320
Investment	109,354,249	-	109,354,249
Other	47,412,217	12,312,049	35,100,168
<b>(Refer to Appendixes B &amp; C for more detail)</b>	<b>378,132,144</b>	<b>196,136,856</b>	<b>181,995,288</b>

#### 30 June 2004

<b>Owned property, plant and equipment</b>			
Infrastructure	181,795,349	181,793,883	1,467
Community	20,549,399	1,519,258	19,030,141
Heritage	397,320	-	397,320
Investment	109,354,249	-	109,354,249
Other	48,575,062	14,228,226	34,346,836
<b>(Refer to Appendixes B &amp; C for more detail)</b>	<b>360,671,379</b>	<b>197,541,367</b>	<b>163,130,013</b>

No assets held in terms of finance leases.

A complete physical count of all Council's assets was carried out for the 2004/2005 financial year, in order to comply with the GAMAP requirements. The figures stated in the 30 June 2004 financial statements were as follows:

Total fixed assets	R269,193,046
Loans redeemed & other capital receipts	( R258,615,756)

The difference in these figures to those shown above for 30 June 2004 are as the result of change in accounting policies from fund accounting to GAMAP requirements.

The historical cost was established and backlog depreciation was calculated on these amounts. Hence arriving at the amount of R197,541,367.

Assets to the value of R1,954,258 were disposed off by trading in for leasing of vehicles in terms of the lease contract with Fleet Africa, and not included in the above assets figures.

### 6 INVESTMENTS

Opening balance	4,412,990	3,826,037
Investments made	589,547	586,953
	<b>5,002,537</b>	<b>4,412,990</b>

The net realisable value is R5,002,537. The amount that is disclosed in the financial statements is pledged as security for the long term loan of the DBSA.

## NOTES TO THE FINANCIAL STATEMENTS

Debtors have been shown at the amount which is likely to be collected. All outstanding amounts exceeding 120 days have been included in Provision for bad debt.

# RANDFONTEIN LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS

### 11 CREDITORS

Total: Creditors

2005 R	2004 R
<b>20,327,745</b>	<b>23,197,332</b>

The figure for creditors as stated in the financial statements at 30 June 2004 was R106,477,641.

The amount of R66,385,920 as per note 3 was transferred to long term liabilities as the repayment period exceeded one year. R16,709,276 was adjusted for creditors previously incorrectly recorded as per note 23.

### 12 NET SURPLUS / (DEFICIT) FOR THE YEAR

The following has been taken into account in determining the net surplus / (deficit) for the year

#### Depreciation

Owned property, plant and equipment

549,708	197,541,367
<b>549,708</b>	<b>197,541,367</b>

#### Operating lease charges

<b>2,878,298</b>	<b>1,994,731</b>
------------------	------------------

#### Interest paid

External loans

2,467,937

2,192,555

Bank overdraft

663,948

1,184,618

<b>3,131,885</b>	<b>3,377,173</b>
------------------	------------------

#### Councillors remuneration

Executive Mayor

256,743

242,211

Speaker

212,628

200,593

Mayoral Committee

1,209,600

1,141,134

Ordinary Members

1,512,666

1,435,813

Other Allowances

1,060,472

731,246

Council's pension contribution

412,885

355,367

Council's medical aid contribution

226,391

274,796

<b>4,891,385</b>	<b>4,381,160</b>
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#### In kind Benefits

The Executive Mayor, Speaker and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of council. Salaries and allowances of Councillors are determined in terms of the Remuneration of Public Office Bearers Act.

#### Investment income

Interest income

1,998,548

1,795,396

Rental income

543,529

-

<b>2,542,077</b>	<b>1,795,396</b>
------------------	------------------

#### Auditor's remuneration

Audit fees

**902,362**

**594,579**

### 13 GOVERNMENT AND SUBSIDIES

Health Subsidies

2,237,178

2,056,188

Equitable Share

13,033,206

13,709,196

Other Grants

5,336,506

1,780,559

<b>20,606,890</b>	<b>17,545,943</b>
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# RANDFONTEIN LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS

2005	2004
R	R

### Equitable Share

In terms of the constitution, this grant is used to subsidized the provision of basic services to indigent community members.

### Provincial Health Subsidies

The Council is rendering health services on behalf of Provincial Government and is refunded approximately 48 % of the total expenditure incurred. This grant was used for the funding of health services.

### 14 SERVICE CHARGES

Sale of electricity	100,986,871	90,359,761
Sale of water	34,018,138	31,848,164
Refuse removal	11,352,132	9,001,096
Sewerage & Sanitation	11,224,925	10,409,149
	<b>157,582,066</b>	<b>141,618,170</b>

### 15 REVENUE

Operating Income		
Assessment Rates	50,367,310	37,202,975
User Charges	159,436,853	139,326,572
Rental Fixed Properties	543,529	1,795,396
Interest on Investment	1,998,548	-
Interest Debtors	7,139,030	6,160,143
Fines	1,309,119	1,279,473
Licenses	12,879	21,476
Sale of Assets	1,008,509	-
Other Income	3,356,278	1,233,732
<b>Total</b>	<b>225,172,055</b>	<b>187,019,767</b>

### 16 EMPLOYEE RELATED COSTS

Employee related cost-Salaries	56,515,557	38,743,339
Employee related cost - Social contributions	14,129,914	25,435,963
<b>Total Employee Related Costs</b>	<b>70,645,471</b>	<b>64,179,302</b>

#### Remuneration of the Municipal Manager

Annual Remuneration	535,508	450,000
Performance Bonuses	45,000	15,288
<b>Total</b>	<b>580,508</b>	<b>465,288</b>

#### Remuneration of the Chief Financial Officer

Annual Remuneration	464,329	354,528
Performance Bonuses	42,500	-
<b>Total</b>	<b>506,829</b>	<b>354,528</b>

#### Remuneration of other Strategic Executives (Community Services, Corporate Services, Infrastructure, Traffic & License)

Annual Remuneration	1,877,446	1,313,751
Performance Bonuses	179,500	-
	<b>2,056,946</b>	<b>1,313,751</b>

All Section 57 employees are on performance contract in terms of the Municipal Systems Act and remunerated on total cost to company.

# RANDFONTEIN LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS

### 17 BULK PURCHASES

	2005 R	2004 R
Electricity	62,025,831	60,082,194
Water	21,736,744	20,115,641
-	<b>83,762,575</b>	<b>80,197,835</b>

### 18 CASH GENERATED BY OPERATIONS

(Deficit)/Surplus for the year	40,893,636	19,202,631
<b>Adjustments for:</b>		
Fund adjustments against income	1,533,263	6,522,737
Internal transfers to funds	-	3,185,959
Expenditure against funds & reserves	-	(68,580,028)
Depreciation	549,708	-
Bad debt written off	-	-
Investment income	(1,998,548)	-
Interest paid	3,131,885	-
<u>Transfer to provisions and funds:</u>		
Leave Provision	2,985,861	-
Asset financing fund	4,292,729	-
Bad debt provision	14,446,105	-
Disposal of fixed assets	-	-
Operating surplus before working capital changes:	65,834,639	(39,668,701)
Decrease/(Increase) in inventories	101,004	(39,116)
(Increase)/Decrease in debtors	(12,973,883)	18,599,958
Increase/(decrease) in creditors	(2,869,587)	13,448,809
Increase in deposits	93,133	1,526,540
Cash generated by operations	<b>50,185,306</b>	<b>(6,132,510)</b>

### 19 NETT MOVEMENT ON INVESTMENTS

Investments made	589,547	586,953
Investments withdrawn	-	-
	<b>589,547</b>	<b>586,953</b>

### 20 BANK, CASH & OVERDRAFT BALANCES

The Randfontein Local Municipality has the following bank accounts:

#### Current Account (Primary Bank Account)

First National Bank - Randfontein  
Account number 51261135194

Cashbook balance at the beginning of the year -overdrawn	(4,066,639)	(2,623,984)
Cashbook balance at the end of the year -overdrawn	<b>(2,641,870)</b>	<b>(4,066,639)</b>
Bank statement balance at the beginning of the year -overdrawn	(2,808,478)	(2,579,581)
Bank statement balance at the end of the year-overdrawn	<b>(573,744)</b>	<b>(2,808,478)</b>

#### Current Account - Salaries

First National Bank - Randfontein  
Account number 62010341725

Cashbook balance at the beginning of the year -overdrawn	(1,539,410)	336,304
Cashbook balance at the end of the year -overdrawn	<b>(1,041,080)</b>	<b>(1,539,410)</b>

# RANDFONTEIN LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS

	2005 R	2004 R
Bank statement balance at the beginning of the year	408,391	336,304
Bank statement balance at the end of the year	<b>1,095,003</b>	<b>408,391</b>

### **Current Account - Grants**

First National Bank - Randfontein  
Account number 62057264568

Cashbook balance at the beginning of the year	12,121,258	-
Cashbook balance at the end of the year	<b>14,210,645</b>	<b>12,121,258</b>
Bank statement balance at the beginning of the year	12,121,258	-
Bank statement balance at the end of the year	<b>14,210,645</b>	<b>12,121,258</b>

### **Current Account - Moving Violation**

First National Bank - Randfontein  
Account number 62031316707

Cashbook balance at the beginning of the year	72,780	(1,795)
Cashbook balance at the end of the year	<b>103,691</b>	<b>72,780</b>
Bank statement balance at the beginning of the year	72,780	(1,795)
Bank statement balance at the end of the year	<b>103,691</b>	<b>72,780</b>
Total cash book balance	10,634,348	6,587,989
Petty Cash	7,874	5,808
	<b>10,642,222</b>	<b>6,593,797</b>

## 21 RETIREMENT BENEFIT INFORMATION

Council does not have its own retirement benefit scheme.  
Council contribute to the following pension funds and provident fund:

- Municipal Councillors Pension Fund	359,749	411,466
- SALA Pension Fund	1,130,234	1,097,989
- Joint Municipal Pension Fund	216,169	201,256
- Municipal Gratuity Fund	5,365,973	5,176,103
- Municipal Employees Pension Fund	671,175	673,810
	<b>7,743,300</b>	<b>7,560,624</b>

## 22 CONTINGENT LIABILITIES

Housing Loans	<b>216,719</b>	<b>216,719</b>
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22.1 The council has issued guarantees on behalf of employees who could not obtain housing loans from financial institutions. Repayments on mortgage bonds are deducted monthly to reduce the exposure of Council to losses.

# RANDFONTEIN LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS

2005	2004
R	R

22.2 A claim by Homelake Motors was lodged against Council due to a project undertaken by Council, which according to the claimant resulted in a loss of income for his business. The process of the litigation will have to be finalised for the amount of the claim to be verified. An arbitrator must still be appointed to finalise the case. The amount of the claim, if any will be determined during the arbitration process.

22.3 A possible claim by H Kluyts for the amount of R25,606 against Council for damages to a vehicle as a result of traffic signs that were not properly marked.

22.4 A claim by Mrs Marina Nolte against the Randfontein Local Municipality for injuries sustained in June 2004 amounting to R1,200,000 was lodged.

22.5 Possible claims against Council of R2,100,000 for vehicles that were ordered without observing procurement procedures, the budget and also without the resolution of Council. Should Council not receive a claim from the affected parties this contingent liability will not be disclosed in future financial statements.

### 23 Changes in accounting policy - Implementation of GAMAP

The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of GAMAP:

#### Statutory Funds

Balance previously reported		
Capital development fund	-	(74,457,301)
Land trust fund	-	(4,780,142)
Total		(79,237,443)
Implementation of GAMAP		
Transferred to Accumulated surplus		(79,237,443)

#### Loans redeemed and other capital receipts

Balance previously reported	-	(258,615,756)
Implementation of GAMAP		
Transferred to Accumulated surplus	-	(258,615,756)

#### Provisions and Reserves

Balance previously reported		
Land development fund	-	(15,931,261)
Deferred charges	-	3,990,765
Capital Reserve	-	(9,831,304)
Town planning fund	-	(8,389)
Total	-	(21,780,189)
Implementation of GAMAP		
Transferred to Accumulated surplus	-	(21,780,189)

# RANDFONTEIN LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS

	2005 R	2004 R
<b>Deposits</b>		
Consumer & sundry	-	(9,134,268)
<b>Nett current assets</b>		
Balance previously reported		
Debtors	-	45,078,430
Creditors	-	(106,250,976)
Inventory	-	2,471,310
Total	-	(58,701,236)
Implementation of GAMAP		
Debtors previously incorrectly recorded	-	(676,272)
Vat included in debtors not recorded	-	(7,968,017)
Government grants not previously recorded	-	(15,145,701)
Creditors previously incorrectly recorded	-	16,709,276
Deposits incorrectly recorded	-	766,909
Not previously shown as inventory	-	36,567
Transferred to Accumulated surplus	-	(6,277,238)
Total	-	(74,112,742)
<b>Property, Plant and equipment</b>		
Balance previously reported	-	269,193,046
Implementation of GAMAP		
Property previously not recorded credited to Accumulated surplus	-	91,478,333
Total	-	360,671,379
<b>Accumulated depreciation</b>		
Balance previously reported	-	-
Implementation of GAMAP		
Backlog depreciation ( Refer to App B & C)	-	(197,541,366)
Total ( Debited against Accumulated surplus)	-	(197,541,366)
<b>Accumulated surplus/(deficit)</b>		
Implementation of GAMAP		
Transfer from statutory funds	-	(79,237,443)
Transfer from loans redeemed and other capital receipts	-	(258,615,756)
Excessive provisions & reserves no longer permitted	-	(21,780,189)
Deposits	-	(9,134,268)
Adjustments to net current assets	1,533,263	15,411,506
Fair value of Property, Plant and Equipment previously not recorded	-	(91,478,333)
Backlog depreciation	-	197,541,366
Total	1,533,263	(247,293,117)



# RANDFONTEIN LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS

2005	2004
R	R

### Current Account - Grants

First National Bank - Randfontein  
Account number 62057264568

Cashbook balance at the beginning of the year	12,121,258	-
Cashbook balance at the end of the year	<b>14,210,645</b>	<b>12,121,258</b>
Bank statement balance at the beginning of the year	12,121,258	-
Bank statement balance at the end of the year	<b>14,210,645</b>	<b>12,121,258</b>

### Current Account - Moving Violation

First National Bank - Randfontein  
Account number 62031316707

Cashbook balance at the beginning of the year	72,780	(1,795)
Cashbook balance at the end of the year	<b>103,691</b>	<b>72,780</b>
Bank statement balance at the beginning of the year	72,780	(1,795)
Bank statement balance at the end of the year	<b>103,691</b>	<b>72,780</b>
Total cash book balance	10,634,348	6,587,989
Petty Cash	7,874	5,808
	<b>10,642,222</b>	<b>6,593,797</b>

## 21 RETIREMENT BENEFIT INFORMATION

Council does not have its own retirement benefit scheme.  
Council contribute to the following pension funds and provident fund:

- Municipal Councillors Pension Fund	359,749	411,466
- SALA Pension Fund	1,130,234	1,097,989
- Joint Municipal Pension Fund	216,169	201,256
- Municipal Gratuity Fund	5,365,973	5,176,103
- Municipal Employees Pension Fund	671,175	673,810
	<b>7,743,300</b>	<b>7,560,624</b>

## 22 CONTINGENT LIABILITIES

Housing Loans	<b>216,719</b>	<b>216,719</b>
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22.1 The council has issued guarantees on behalf of employees who could not obtain housing loans from financial institutions. Repayments on mortgage bonds are deducted monthly to reduce the exposure of Council to losses.

22.2 A claim by Homelake Motors was lodged against Council due to a project undertaken by Council, which according to the claimant resulted in a loss of income for his business. The process of the litigation will have to be finalised for the amount of the claim to be verified. An arbitrator must still be appointed to finalise the case. The amount of the claim, if any will be determined during the arbitration process.

# RANDFONTEIN LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS

2005	2004
R	R

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Total	-	<u>(21,780,189)</u>
Implementation of GAMAP		
Transferred to Accumulated surplus	-	<u>(21,780,189)</u>

#### Deposits

Consumer & sundry	-	<u>(9,134,268)</u>
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#### Nett current assets

Balance previously reported

# RANDFONTEIN LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS

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Total	-	<b>360,671,379</b>
<b>Accumulated depreciation</b>		
Balance previously reported	-	-
Implementation of GAMAP		
Backlog depreciation ( Refer to App B & C)	-	(197,541,366)
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<b>Accumulated surplus/(deficit)</b>		
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Total	<b>1,533,263</b>	<b>(247,293,117)</b>

# RANDFONTEIN LOCAL MUNICIPALITY

## APPENDIX A SCHEDULE OF LONG TERM LOANS

Interest rate	Redemption date	Balance at 01/07/2004	Received during the year	Redeemed or written off during the year	Balance at 30/06/2005
		R	R	R	R
<u>Development Bank of SA</u>	2018	19,108,253	-	1,878,657	17,229,596
		19,108,253	-	1,878,657	17,229,596
<u>Government loans : Housing</u>		16,429,243	-	16,429,243	-
		16,429,243	-	16,429,243	-
<u>First National Bank</u>	2008	7,000,000	-	2,250,000	4,750,000
		7,000,000	-	2,250,000	4,750,000
<u>ABSA : Registered Stock</u>		1,500,000	-	1,500,000	-
		1,500,000	-	1,500,000	-
<u>External Loans : Total</u>		44,037,496	-	20,557,900	21,979,596

**RANDFONTEIN LOCAL MUNICIPALITY**

**APPENDIX B  
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT**

	HISTORICAL COST				ACCUMULATED DEPRECIATION				Carrying value
	Opening balance	Additions	Disposals	Closing balance	Opening balance	Additions	Disposals	Closing balance	
<b>INFRASTRUCTURE ASSETS</b>									
Electricity	85,410,898	2,052,422	-	87,463,320	85,410,678	69,959	-	85,480,637	1,982,683
Roads	47,726,278	11,679,283	-	59,405,561	47,726,075	390,400	-	48,116,475	11,289,086
Water	28,719,382	599,779	-	29,319,161	28,719,278	35,650	-	28,754,928	564,233
Sewerage	18,107,266	702,465	-	18,809,731	18,107,178	15,657	-	18,122,835	686,896
Pedestrian facilities	614,506	-	-	614,506	614,476	-	-	614,476	30
Security measures	1,217,019	-	-	1,217,019	1,216,198	-	-	1,216,198	821
	<b>181,795,349</b>	<b>15,033,949</b>	<b>-</b>	<b>196,829,298</b>	<b>181,793,883</b>	<b>511,666</b>	<b>-</b>	<b>182,305,549</b>	<b>14,523,749</b>
<b>COMMUNITY ASSETS</b>									
Community facilities	18,835,639	3,472,994	-	22,308,633	-	-	-	-	22,308,633
Recreation facilities	1,713,760	116,667	-	1,830,427	1,519,258	-	-	1,519,258	311,169
	<b>20,549,399</b>	<b>3,589,661</b>	<b>-</b>	<b>24,139,060</b>	<b>1,519,258</b>	<b>-</b>	<b>-</b>	<b>1,519,258</b>	<b>22,619,802</b>
<b>HERITAGE ASSETS</b>	<b>397,320</b>			<b>397,320</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>397,320</b>
<b>INVESTMENT ASSETS</b>	<b>109,354,249</b>	<b>-</b>	<b>-</b>	<b>109,354,249</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>109,354,249</b>
<b>OTHER ASSETS</b>									
Buildings	34,335,824	359,265	-	34,695,089	-	-	-	-	34,695,089
Office equipment	724,906	177,814	-	902,720	724,333	2,703	-	727,036	175,684
Furniture & fittings	1,268,073	73,068	-	1,341,141	1,261,654	669	-	1,262,323	78,818
Emergency equipment	118,246	-	-	118,246	118,233	-	-	118,233	13
Motor vehicles	6,865,140	5,900	1,514,167	5,356,873	6,865,048	369	1,465,801	5,399,616	(42,743)
Plant & Equipment	5,198,749	175,366	440,091	4,934,024	5,197,548	34,301	488,418	4,743,431	190,593
Inventory items	64,124	-	-	64,124	61,410	-	-	61,410	2,714
	<b>48,575,062</b>	<b>791,413</b>	<b>1,954,258</b>	<b>47,412,217</b>	<b>14,228,226</b>	<b>38,042</b>	<b>1,954,219</b>	<b>12,312,049</b>	<b>35,100,168</b>
<b>Total</b>	<b>360,671,379</b>	<b>19,415,023</b>	<b>1,954,258</b>	<b>378,132,144</b>	<b>197,541,367</b>	<b>549,708</b>	<b>1,954,219</b>	<b>196,136,856</b>	<b>181,995,288</b>